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Chairman: Mr. Kmoníček ..... (Czech Republic)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 9.35 a.m.

Agenda item 123: Improving the financial situation of the United Nations (*continued*) (A/58/531)

1. **The Chairman** reminded members that the Committee would meet from 9.30 a.m. to 12.30 p.m. and from 2.30 p.m. to 4.45 p.m. during Ramadan. He suggested that the general discussion of agenda item 123 should continue until the Secretary-General arrived to introduce the proposed programme budget, after which members would be invited to take the floor on that item until the list of speakers was exhausted. The Committee would then resume its consideration of agenda item 123.

2. *It was so decided.*

3. **Ms. Bertini** (Under-Secretary-General for Management), updating the statement she had made the previous week, said that she was pleased to announce that eight Member States had settled their arrears under the regular budget, which meant that the number of Member States having paid their contributions in full had increased from 113 to 121. Twenty-seven States had not made any payments. With regard to the budgets of the international tribunals, she apologized to the three countries (the Russian Federation, the former Yugoslav Republic of Macedonia and Vanuatu) that had been erroneously included in the list of States that had made no contributions in 2003. There were now 107 States on that list, since in the interim a number of States had settled their arrears in part or in full. Since 30 September, two countries, Liechtenstein and Sierra Leone, had been added to the list of Member States that had paid their contributions in full, bringing the total to 15, and a number of others were preparing to do so.

4. **Mr. Mantovani** (Italy), speaking on behalf of the European Union, the acceding countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia), the associated countries (Bulgaria, Romania and Turkey), and, in addition, Iceland, Liechtenstein and Norway, said that he was concerned about the decreasing number of countries that had paid their contributions to the regular budget in full. Cross-borrowing from closed peacekeeping operations, which had, thus far, made it possible to deal with cash-flow problems might no longer be an option for the Secretariat, as the amount available for borrowing was dwindling rapidly. In addition, that practice was unfair to those Member States that paid their contributions on time. As the Under-Secretary-General had pointed out, if Member States were not prepared to meet their obligations, there was little point in increasing expenditures under the regular budget. It was important that Member States should settle their arrears and, in that connection, the European Union would appreciate it if, as of 2004, the main contributor would consider paying its assessments at the beginning of the year rather than at the end.

5. The international tribunals were also in a precarious financial situation. Since their cash flow was negative, it had been necessary to cross-borrow US$ 41 million from peacekeeping missions. He was deeply concerned at the number of States that had not paid their contributions to the tribunals. With regard to the capital master plan, he noted with concern that, as of 30 September, only 61 Member States had paid their contributions in full, while 127 Member States had made no payment whatsoever.

6. Nevertheless, the European Union noted with satisfaction that the level of unpaid assessments for peacekeeping activities was continuing to decrease and currently stood at $1.3 billion. Although that figure was still too high, the debt owed to Member States for troops and equipment had been reduced and, by the end of the current year, the Secretariat would have gone beyond its goal of reimbursing the equivalent of one year's debt.

7. **Ms. Afifi** (Morocco), speaking on behalf of the Group of 77 and China, stressed that the successful implementation of the programmes and activities mandated by Member States depended on the adequacy of resources available to the Organization, particularly since it had embarked upon a far-reaching reform process. The cash-flow situation remained unstable, given that, as of 30 September, Member States' unpaid assessments amounted to $2.38 billion. The Secretary-General was therefore forced to cross-borrow from peacekeeping funds, but that practice resulted in delays in the reimbursement of States that had contributed troops and equipment, the majority of whom were developing countries, members of the Group of 77 and China. They were doubly penalized because, despite their difficulties, they met their financial obligations. The practice must therefore be discontinued.

8. The Group of 77 and China took the view that the financial situation of the United Nations would not

improve unless Member States stopped setting conditions for honouring their legal obligations under the Charter. While extending sympathetic understanding to Member States who were experiencing genuine economic difficulties, it reaffirmed that all Member States had an obligation to pay their contributions in full, on time and without conditions.

9. **Ms. Gabay** (Peru), speaking on behalf of the countries of the Rio Group (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela), expressed satisfaction with the format of the report. The Rio Group noted with concern the deterioration in the Organization's financial situation with regard to 2002, particularly the deterioration in the situation of the international tribunals for Rwanda and the Former Yugoslavia, and the decrease in the number of Member States that had paid their contributions in full. In order to resolve the crisis, Member States must pay their contributions in full, on time and without conditions. Nevertheless, it was important to take into account the situation of Member States that were facing real economic difficulties.

10. It was unfortunate that it had not been possible to put an end to the practice of cross-borrowing from peacekeeping operations in order to finance activities under the regular budget. That practice led to delays in reimbursing countries that contributed troops and equipment, and thereby placed a double burden on such countries, which not only had to pay their own assessments but also had to shoulder the Organization's debt. The majority of them were developing countries that could use the funds to meet their own essential needs.

11. **Mr. MacKay** (New Zealand), speaking also on behalf of Australia and Canada, said that he was concerned by the facts presented by the Under-Secretary-General, which seemed to suggest that many Member States considered they could pick and choose what was, and what was not, a legal obligation. The financial situation of the international tribunals, where unpaid assessments were at their highest level ever, was especially alarming. On 30 September, 116 countries — of whom 10 were either on the Security Council or were due to take their seat on 1 January 2004 — had not made any payment. The number of non-payers had since decreased a little but, given that the tribunals had been operating in a negative cash position since June, he wondered what the long-term implications would be if that situation continued.

12. While the outlook for peacekeeping operations seemed better, it was necessary to remain cautious. He welcomed the efforts made to speed up reimbursements to countries that bore the heaviest burden of the operations by providing troops and equipment. It was necessary to remember, however, that the ability of the United Nations to make reimbursements was directly linked to the payment of assessments by all Member States. He understood that the cash-flow problems encountered by missions in Kosovo, Cyprus and Western Sahara were due to the fact that Member States had made only partial payments or had not made any payment at all. He wondered if that would affect the countries that had contributed troops and equipment to those missions. The cash available from closed missions could not cover the shortfalls. Cross-borrowing was not sustainable over time.

13. The timing of payments also had a direct impact on what could be accomplished. Even if Member States were to pay their financial contributions in full by 31 December, the unreliable cash flow for the year would presumably have a detrimental effect on the implementation of programmes. He hoped that the Secretariat would clarify the matter. In particular, if the regular budget and the tribunal budgets continued to be undersubscribed, at what point would it be necessary to review programmes and make choices about what could not be done.

14. **Mr. Agyeman** (Ghana), associating himself fully with the statement of the Group of 77 and China, said that the financial situation of the Organization had not really improved. Outstanding contributions had increased, cash-flow problems persisted and cross-borrowing from closed peacekeeping missions was still prevalent, in spite of the resolution adopted by the General Assembly in 2002, which requested expedited reimbursement of some $84 million to Member States that had contributed troops. Given the Organization's tenuous financial situation, it was imperative that Member States should comply with their Charter obligation to bear the expenses of the Organization. In that regard, Member States that still had not paid their assessments in full, especially contributors with significant arrears, must take steps to remedy that situation. Lack of funds frustrated the implementation of the Organization's objectives.

15. That was especially true of activities for maintaining international peace and security. Ghana was concerned about the level of reimbursement owed to countries that contributed troops and equipment. Most of them, including his own, were developing countries that already faced immense challenges. Delays in reimbursement could decrease their ability to assist in operations. In that regard, Ghana took note of the problems relating to the conclusion of Memoranda of Understanding, which were prevalent in three missions, and urged the Secretariat to work closely with concerned Member States to resolve them as soon as possible. It was encouraging to note that the processing of reimbursement claims had been speeded up. In conclusion, his delegation was willing to support the increase in peacekeeping operation assessments by the amount of $200 million in order to finance the United Nations Mission in Liberia, given the importance of a United Nations presence in that country.

16. **Ms. Pavlovskaya** (Russian Federation) said that for the second year in a row, the financial situation of the United Nations had improved, mostly thanks to large payments from some Member States, and improved financial discipline in the Secretariat. However, problems persisted, because some Member States paid their contributions in arrears or not at all. It was particularly alarming to note that arrears in respect of the regular budget represented one half of the annual budget, and that the Secretariat was being compelled to borrow funds from the peacekeeping operations budget. However, the situation with regard to the latter had improved significantly, with a substantial reduction of the debt owed to countries contributing troops and equipment. That improvement was particularly relevant given the need to respond to new crises throughout the world. It was vital for Member States, particularly major contributors, to pay their assessments by the end of the year. The Russian Federation, for its part, had paid its arrears to the Organization, despite the economic difficulties it had been experiencing. In 2003 alone, it had contributed some $47 million to the various budgets. Nevertheless, the Russian Federation understood that the poorest countries were not always able to fulfil their financial obligations, for understandable reasons.

17. Lastly, she wished to request the Secretariat to carefully check all data before it was published. In the document issued on 21 October, the Russian Federation had been included in the list of States that had not made any contribution to the budgets of international tribunals in 2003. In actual fact, on 6 February, the Russian Federation had contributed approximately $1.3 million to the International Criminal Tribunal for Rwanda, as acknowledged in document ST/ADM/SER.B/608.

18. **Mr. Iida** (Japan) said that his country had always fulfilled its financial obligation to the Organization; in 2003, it had contributed $244,420,000 to the regular budget and $502,080,000 to the peacekeeping operations budget. In her statement of 21 October, the Under-Secretary-General for Management had jokingly described Member States that had paid their assessments as "good guys", and those that had failed to do so as "bad guys". Such a simplification could, however, have the opposite effect to that desired. It was with the consent of their taxpayers that the Governments of Member States paid their contributions, yet a growing number of taxpayers in Japan were expressing dissatisfaction with the way in which Japan was treated within the United Nations. As a result, obtaining their consent had become highly politicized and it was increasingly difficult for Japan to continue to pay such high assessments. Taxpayers from various Member States were demanding proof that the United Nations was being managed efficiently and that its work benefited them. It was the responsibility of each Member State, as well as the Secretariat, to give them such proof.

19. Concerning the peacekeeping operations budget, he reiterated the importance of establishing a mechanism for dialogue between the Security Council and major contributors, so as to ensure transparency. Without such a mechanism, the Government of Japan would have difficulty convincing taxpayers. It would, nonetheless, do its utmost to pay its assessments to the budgets of the two international tribunals. However, the tribunals must not increase their expenditure and they must rationalize their budgets, in order to dispel strong Japanese scepticism in that regard. It was problematic, in that connection, that the International Criminal Tribunal for Rwanda had submitted its completion strategy so late. His delegation requested maximum efficient use of the tribunals' resources, and full implementation of their completion strategies. As of 30 September, 113 Member States had not paid any contribution to the tribunals. Delegations and tribunals alike should be asking themselves why.

20. **Mr. Kovind** (India) said that his delegation associated itself with the statement made by Morocco on behalf of the Group of 77 and China. It was unfortunate that despite the persistently high level of unpaid assessments, Member States showed only sporadic interest in the Organization's financial situation, and many failed to live up to their obligations despite their declared commitment to the Organization.

21. He stressed that only 113 countries had paid their assessments in full and that the Organization could experience a negative cash balance until the end of the year. It would thus be forced to borrow from the accounts of peacekeeping operations. Unpaid assessments to the two international criminal tribunals were at a historic high and they, too, were having to borrow from the peacekeeping operations. Members of the Security Council that had voted the mandate of the tribunals were among those countries in arrears.

22. The one positive aspect was that unpaid assessments for peacekeeping operations were significantly lower compared to 2002, even though the assessment rate was higher. However, the discrepancy was mostly due to higher payments made by one major contributor. His delegation welcomed the fact that equipment- and troop-related debt had been reduced. However, it was concerned that the cash shortages in several peacekeeping missions might affect the ability to reimburse troop-contributing countries.

23. Comparing the cash available in closed peacekeeping accounts, the liabilities from those accounts and the amounts borrowed from those accounts, it was clear that cross-borrowing, although desirable in and of itself, was affecting reimbursement. Furthermore, it was unclear how the Organization and international criminal tribunals would be able to continue their work at the present rate of outstanding assessments, given that, in 2004, there would only be $42 million available from closed accounts.

24. The problem was not due to Member States who, owing to economic difficulties, were unable to meet their obligations, but to the fact that a large number of countries did not take their financial obligations to the Organization seriously. It was also unfortunate that the greater part of the amount owed by the Organization was to developing countries, many of whom paid their assessments on time, and that countries loyally contributing troops and equipment were having to shoulder an unfair financial burden simply because other countries were failing to pay their assessments.

25. His delegation was surprised that only one meeting was being devoted to the issue. The Secretary-General should be requested to present an annual report, for formal and informal discussion, on the trends of outstanding assessed contributions including their impact on the work of the Organization and reimbursement delays.

26. **Ms. Paris Parra** (Venezuela) said that her delegation wished to associate itself with the statements made by Morocco, on behalf of the Group of 77 and China, and Peru, on behalf of the Rio Group. She recalled the main points made by the Under-Secretary-General for Management concerning the number of countries that had paid their assessed contributions to the regular budget; the number of countries that had not yet paid and the respective share of the major contributors among them; the obligation of the Organization and the Tribunals to cross-borrow from the accounts of the peacekeeping operations; the improvement in the cash flow of the peacekeeping operations during 2002 and the progress made towards reimbursing equipment and troop-contributing countries; and the possibility that amounts due to those countries under operations closing in 2004 might not be reimbursed.

27. Although that was a worrying situation, it was not due to the lack of will on the part of Member States. The real reason for the present financial crisis of the United Nations was the slowdown in the world economy. In his report on the external debt crisis and development (A/58/290), the Secretary-General noted that the total stock of external debt owed by developing countries and countries with economies in transition had increased by US$ 52 billion, or 2.2 per cent, in 2002. Latin America had accounted for almost half of that total and had, furthermore, received virtually no net private flows of capital during the same year, confirming the negative trend in net investment flows.

28. Venezuela, in particular, faced very strict conditions for repayment of its external debt, as well as budgetary difficulties caused by the depreciation of its national currency, rampant inflation, and political problems that had paralysed its economy during the first quarter 2003. It was temporarily unable to meet its internal and external commitments. However, it was doing everything possible to make provision in its

budget, which was presently under consideration, for payment of its contribution arrears. In April 2003, it had made a partial payment for the regular budget of the United Nations, demonstrating its good will.

The meeting was suspended at 10:30 a.m. and resumed at 10:35 a.m.

Agenda item 121: Proposed programme budget for the biennium 2004-2005 (A/58/6 and Corr.1, A/58/6 (Introduction), A/58/6 (Sect. 1), A/58/6 (Sect. 2), A/58/6 (Sect. 3) and Corr.1 and 2, A/58/6 (Sect. 4), A/58/6 (Sect. 5), A/58/6 (Sect. 6), A/58/6 (Sect. 7), A/58/6 (Sect. 8), A/58/6 (Sect. 9), A/58/6 (Sect. 10), A/58/6 (Sect. 11), A/58/6 (Sect. 12), A/58/6 (Sect. 13) and Add.1, A/58/6 (Sect. 14)/Rev.1, A/58/6 (Sect. 15), A/58/6 (Sect. 16), A/58/6 (Sect. 17), A/58/6 (Sect. 18), A/58/6 (Sect. 19), A/58/6 (Sect. 20), A/58/6 (Sect. 21), A/58/6 (Sect. 22), A/58/6 (Sect. 23), A/58/6 (Sect. 24), A/58/6 (Sect. 25), A/58/6 (Sect. 26), A/58/6 (Sect. 27), A/58/6 (Sect. 28), A/58/6 (Sect. 29), A/58/6 (Sect. 30), A/58/6 (Sect. 31), A/58/6 (Sect. 32), A/58/6 (Sect. 33), A/58/6 (Sect. 34), A/58/6 (Sect. 35), A/58/6 (Income Sect. 1), A/58/6 (Income Sect. 2), A/58/6 (Income Sect. 3) and A/58/7 and Corr.1)

Agenda item 122: Programme planning (A/58/16)

29. **The Secretary-General**, introducing the proposed programme budget for the biennium 2004-2005, said that it embodied both the hopes placed in the Organization and decisions that had been carefully weighed in the light of the finite and limited resources available. It represented a further step forward in the process of reforming the Organization and was therefore particularly important. The activities set out had been aligned with the priorities agreed at the Millennium Summit and at major international conferences since then. Its finalization came at a time when major events, such as the war in Iraq, the development setback at Cancún, and the bombing of the United Nations headquarters in Baghdad, were forcing the Organization to wrestle with fundamental issues.

30. As he had promised in his report entitled "Strengthening of the United Nations: an agenda for further change" (A/57/387), and in accordance with General Assembly resolution 57/300, the activities were better aligned with those priorities. Additional resources were allocated for development and the special needs of Africa, and there were modest, yet necessary, increases for drug control, crime prevention and human rights. A significant reallocation of resources was being proposed — some US$ 100 million — between subprogrammes as well as the redeployment of 810 posts and discontinuation of more than 900 outputs that had become obsolete or of marginal utility, with a view to giving new issues the attention they deserved. The number of outputs concerned might seem very small in comparison with the total number of outputs in the budget, and yet the call for their discontinuation marked the first real effort of its kind.

31. The proposed programme budget also incorporated the results of comprehensive reviews of the Organization's public information and human rights activities, carried out at the request of the General Assembly, and reflected efforts to modernize conference-servicing and strengthen the Department of Economic and Social Affairs (DESA). It set out what was needed to implement the information and communications technology strategy, which would affect the entire Organization and would include improvements to the United Nations web site and to the use of technology in servicing United Nations meetings. It also proposed more funds for training, which was regarded as a critical investment area.

32. The proposed programme budget for the biennium 2004-2005 represented the next stage in the implementation of results-based budgeting. It included quantitative performance measures and, for each programme, a clear statement of objectives, the expected results and how they would be measured, as well as the relevant resource requirements. It was an approach that emphasized achieving results rather than simply delivering products and services.

33. With respect to the amounts requested, he stressed that the proposed programme budget represented the bare minimum for the mandate given to the Organization by Member States. It amounted to US$ 2.9 billion before recosting, which was in accordance with the outline figure unanimously endorsed by the General Assembly in 2002. It represented minimal real growth of 0.5 per cent, or US$ 15 million, over the previous programme budget. It also projected a net increase of 117 posts, predominantly at the P-2 and P-3 levels, which would revitalize and rejuvenate the Secretariat at the junior professional level.

34. He was concerned that some of the recommendations already made by the Advisory Committee on Administrative and Budgetary Questions regarding the proposed programme budget might subject the Organization to undue constraints, especially in terms of the reform effort. Recalling that the General Assembly itself had stressed that the reform effort should not become a pretext for further budget cuts, and that for most of the last decade the United Nations had operated in a zero-growth environment, he expressed the hope that the General Assembly would not reduce the overall level of the budget.

35. He also hoped that it would not reject the two Assistant Secretary-General positions requested for DESA and the Office for the Coordination of Humanitarian Affairs (OCHA), which were intended to provide vital new strength and new visions in those key areas.

36. He recalled that he had put forward several proposals in 2002 to improve the budget and planning process, which tended to be unacceptably complex and unnecessarily labour-intensive. One of those proposals was for a simpler, more strategic and less duplicative way to prepare and review the budget so that the Fifth Committee could focus on the decisions it needed to make while leaving the detailed review to the Advisory Committee. The budget documents currently before the Fifth Committee represented a real step in that direction. The other proposals concerned the medium-term plan, the budget outline, the role of the Committee for Programme and Coordination and the system for monitoring and evaluation. He hoped that the General Assembly would take decisions on those issues before the end of 2003 so that the changes could be introduced into the next budgetary cycle.

37. He was still analysing the recommendations that had been made by the Independent Panel on the Safety and Security of United Nations Personnel in Iraq and the issue would eventually be reviewed globally and recommendations made. Even an initial review, however, indicated that improved security would require significant increases in resources even beyond the budget allocations that had already been agreed to for the current biennium.

38. He looked forward to the adoption of a budget that was neither profligate nor stinting, but which would provide the Organization with the necessary resources to renew itself and to fulfil the expectations of the world's people.

39. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's first report on the proposed programme budget for the biennium 2004-2005 (A/58/7), said that in view of the restraint which the Secretary-General had shown in preparing initial budget estimates in recent years, the Advisory Committee had refrained from recommending specific reductions in the proposals. However, since the protracted debates on the level of the budget often led to budget reductions across the board without the benefit of advice from the Advisory Committee, the latter, as indicated in paragraph 141 of its report, was of the view that, should the General Assembly wish to approve a programme budget lower than what had been proposed by the Secretary-General, any such reduction should be based on an analysis of specific items. To that end, the Advisory Committee had put forward proposals for specific reductions that could facilitate the debate, which it had summarized in table 11 of its report.

40. In the proposed programme budget, the Secretary-General had proposed an estimate of $3.058 billion, reflecting a 0.5 per cent growth in resources before recosting and a 5.8 per cent increase at 2004-2005 prices. The Advisory Committee recommended a budget of $3.017 billion, or a nominal increase of approximately 4.4 per cent compared with the revised appropriations for 2002/2003. The amount recommended by the Advisory Committee would result in a negative growth in resources of 0.4 per cent, excluding a further reduction of $12.5 million related to the adjustment of the vacancy rate.

41. The currency and inflation rates used to prepare the initial budget estimates would be updated before the General Assembly adopted the proposed programme budget. According to the report of the Secretary-General contained in document A/58/528, the recosting of the proposed budget would require an additional $150.5 million, of which exchange rates would require $119.6 million. The Advisory Committee recommended that the General Assembly, taking into account the prevailing situation, should consider scheduling its detailed consideration of what additional requirements would arise from currency movements and inflation to a time when a more complete picture had emerged, which would be

consistent with the provisions of General Assembly resolution 41/213 (paragraph 157 of the Advisory Committee's report). No problem would arise if there was agreement that an additional $150.5 million should be added to the budget level recommended by the Advisory Committee. If, on the other hand, there was no agreement, the most pragmatic approach would be to reschedule the second recosting, otherwise it would be for delegations to agree on an option for the treatment of the additional expenditure, before the General Assembly adopted the initial appropriations for 2004-2005.

42. The Advisory Committee recommended that 59 of the 115 new posts proposed by the Secretary-General should be accepted and that, in 11 cases, the new functions should be carried out through redeployment of existing posts. It recommended that 57 posts should be abolished instead of the 51 that had been proposed; that 32 instead of 43 posts should be converted; and that 16 out of the 44 posts that had been proposed should be reclassified, including one by redeployment. In paragraphs 50 to 83 of its report, the Advisory Committee gave the reasons for its recommendations on specific posts.

43. With regard to the reclassification of posts, the General Assembly had already approved the procedures aimed at giving the Secretary-General greater flexibility in that area. The Advisory Committee recommended that the procedures should be implemented in the manner stated in paragraphs 73 to 78 of its report. Future budget estimates would contain proposals for reclassifications only to G-7 in the General Service category, to P-2, or to D-1 and above. The greater flexibility given to the Secretary-General to reclassify posts would require the management of the staffing table as a whole for purposes of staff mobility and grading of posts. The exchange of posts among the various sections of the budget would be subject to the condition that there should be no transfer of funds. Information on the adjustment made by the Secretary-General to the staffing table for each section would be provided in the context of performance reports and in proposed programme budgets.

44. The Advisory Committee had changed the format of its first report on the proposed programme budget, as indicated in paragraphs 138 and 139 of its report, in order to facilitate debate on its observations and recommendations.

45. Progress had been made in the sense that the debate was no longer confined to input control but had shifted to the results to be obtained. However, the goal to shift debate and decision-making by Member States from input control to policy and results would take long to achieve. To that end, and taking fully into account the international character of the United Nations, progress must be made in defining results more objectively in relation to resources requested. Without such progress, interest in input control would be hard to reduce and the streamlining of budget documents would be difficult to sustain.

46. One of the measures recommended by the Advisory Committee to more effectively implement results-based budgeting was the short- and long-term investment in information technology to equip the Organization with effective capacity to monitor and evaluate programme implementation, measure results and provide performance reports in a timely manner. Increased capacity would also ensure that Member States could have accurate data and analyses at the moment of decision-making in whatever forum they might be deliberating.

47. In paragraphs 108 to 126 and in chapter II of its report, the Advisory Committee had commented extensively on the resources requested for information technology programmes and on the information and communications technology strategy. He wished to stress that the Committee's observations on the subject applied to the Secretariat as a whole and were not confined to one or a few units. They were based on the view that information technology was a critical support function that required priority attention.

48. The programme budget proposals for the biennium 2004-2005 were being presented at a defining moment in the development of the planning and budgetary process. The decision to adopt results-based budgeting and the current debate on planning instruments and the budget outline would govern the budgetary process for future decades. While the question of resource allocation and priority-setting remained critical to the debate, a proper understanding of the strengths and weaknesses of the current system and an atmosphere of transparency in the debates, which should be open to all Member States, should permit pragmatic solutions to be found.

49. **Mr. Mirmohammad** (Chairman of the Committee for Programme and Coordination),

reporting on the work of the Committee for Programme and Coordination (CPC) at its forty-third session, said that it had addressed four main issues: (a) the proposed programme budget for the biennium 2004-2005; (b) revisions to the medium-term plan for the period 2002-2005; (c) evaluation; (d) coordination and its own working methods. In order to increase efficiency, efforts had been made to use technology and a web site had been created to provide access to documents, the programme of work and the mandate.

50. As a body with intergovernmental oversight, there were two demands on the Committee in the budgetary process. Firstly, it must give guidance to the Secretariat by designing programmes that accurately reflected the intentions of the legislative bodies. Until now, the Committee had focused on that task. Secondly, since the adoption of results-based budgeting, CPC must also submit substantive recommendations to improve different elements of the programmes (strategy, expected accomplishments and indicators of achievement), using the results of the evaluations provided for under the current arrangements. Members of the Committee no longer limited themselves to ascertaining that the mandates of legislative bodies were accurately reflected in programmes or to monitoring their implementation, by considering resource utilization rates. They were also interested in assessing the impact of delivering outputs. That was an essential aspect of a priority-setting approach to programming. Member States had decided that both demands should be discharged intergovernmentally but, in the case of the second, it might be necessary to give increased flexibility to programme managers to ensure the success of the results-based management system.

51. One of the problems of considering the programmatic aspect of the budget was due to the different opinions with regard to the role and methods of intergovernmental oversight. While some Member States stressed the need for the participation of relevant expert bodies to ensure that programmes were drafted in accordance with the mandates of legislative bodies, others stressed the need for tools such as systematic self-evaluation mechanisms and results-based performance reports in order to justify budget proposals and to reprioritize activities.

52. The large number of deletions, additions and replacements recommended by CPC in the section of its report on the proposed budget programme testified to the importance that Member States from various regions attached to its traditional role. That was the reason that the Committee had been unable to recommend to the General Assembly the approval of one budget section, given that the fascicle had not been drafted according to the outcome of a relevant governing body. In a number of cases, approval of a section was conditioned to the reformulation of certain phrases to align them with the agreed language. Considering that such a detailed approach was not necessarily productive, he had sought to get the Committee to focus more on the second aspect of its role. Yet the Committee had worked in accordance with its mandate and the Fifth Committee could save a lot of time and energy by recommending that the General Assembly should adopt the proposed modifications without another debate. Insofar as the General Assembly wished to monitor the accurate reflection of the mandates of legislative bodies in programming, CPC with its limited membership could be helpful. Otherwise, the task should be given to the Fifth Committee. When CPC had considered the budget sections, it had been careful not to repeat what had already been said about the programmes during discussion of the revised medium-term plan. In that connection, the idea of having the medium-term plan correspond with the period covered by the programme budget seemed appropriate.

53. To add value to the Committee's mandated areas of work, it should also focus on strategic issues, policy direction of the medium-term plan and the proposed programme budget, as well as on results. It had amended the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (PPBME) and had introduced several provisions related to the new budgetary system at its thirty-eighth session, long before the General Assembly had adopted results-based budgeting. CPC could play a valuable role in improving the medium-term plan. Member States wanted the medium-term plan to remain the reference source for the translation of the mandates of legislative bodies into programmes. However, it must also serve as an important planning instrument for establishing priorities to be reflected in the budget outline. Consideration should be given to the possibility of merging the medium-term plan and the budget outline, in order to have a better sense of what contribution CPC could make to the process as a whole.

54. In its forty-third session, CPC had attempted to examine only the programmatic aspects of the budget and to refrain from addressing figures and resources. It must step up efforts to avoid any duplication of the work of the Advisory Committee on Administrative and Budgetary Questions and of the Fifth Committee. It had welcomed the shorter format of the budget document and the improved clarity of the foreword and the introduction, which highlighted the links with the Secretary-General's proposals to strengthen the Organization, and had reaffirmed the need to review programmatic issues in the proposed budget so as to ensure their conformity to the medium-term plan and to PPBME. Baselines and targets necessary to measure performance were not given in some sections of the budget, so Member States and programme managers would not be able to accurately assess the impact of activities. CPC had recommended that performance measures related to executive direction and management should be provided to the General Assembly in all sections.

55. CPC had dwelt on some of the Secretary-General's proposals for strengthening the Organization (prioritization of activities, reduction of outputs in conformity with PPBME, reorganization of certain Secretariat departments and changes in the structure of information activities). It had made substantive recommendations to improve the quality of certain programmes, based on the latest legislative mandates and the requirements of results-based budgeting. It had recommended indicators of achievement in particular in conference services, some regional commissions, the New Partnership for Africa's Development (NEPAD), public information and management. It had stressed the need for a more detailed and comprehensive evaluation of the impact of the management reform measures and had recommended that all relevant departments and offices should cooperate fully.

56. Given the need for stronger links between the findings of evaluations and programme performance on the one hand and the budgetary process on the other, it had recommended that the General Assembly should request the Secretary-General to make proposals in that regard. It had also recommended that he should explore the possibility of incorporating the quantitative data of the progress and impact assessment system into future budget submissions. Such a tool was essential when the impact of a particular programme would determine the distribution of resources for the next period of programming.

57. He hoped that the report on the measures taken by CPC to improve its working methods had been helpful to the Fifth Committee. In order to deal with its lengthy work programme, CPC had endeavoured to utilize the conference services provided as effectively as possible. CPC's effectiveness depended heavily on the competence of its members, who were elected by the General Assembly. Delegations should bear in mind that CPC was a subsidiary body with a technical role, and that it should not approach negotiations in the manner typical of intergovernmental bodies. It might be useful to review its membership with a view to giving members greater individual responsibility. To facilitate negotiations, each member might designate one individual from among his or her delegation. Since other subsidiary bodies were familiar with the problem of quality representation, the Fifth Committee and the General Assembly should be careful to elect only competent members to expert bodies.

58. CPC might improve its report by adding an introductory section which would address cross-cutting issues; they would be the strategic observations on the presentation and content of the budget and improvements to be made to the results-based budgeting system. The section by section comments would be presented in self-standing sections, in clear narrative form, on the understanding that the report should not become overloaded as a result. Lastly, by keeping its official meetings as brief as possible and debating the issues in informal meetings the CPC might shorten the length of its sessions.

59. **Mr. Spatafora** (Italy), speaking on behalf of the European Union, said that the acceding countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia), the associated countries (Bulgaria, Romania and Turkey), and, in addition, Iceland and Liechtenstein, wished to associate themselves with his statement. He welcomed the Secretary-General's vigorous efforts to use Member States' financial contributions to optimum effect, in particular by overhauling budgetary procedures.

60. The improved format of the proposed programme budget was to be welcomed, as was its increased emphasis on strategic concerns. The unprecedented level of that budget — US$ 3 billion — was a matter for concern, but the European Union was aware that the

increase was due mainly to the new mandates, the strengthening of security measures, salary adjustments, and recosting.

61. The current membership of the European Union would collectively pay about 37 per cent of the 2004-2005 budget, and that percentage would increase in the early part of the next biennium, following the European Union's enlargement. While the United Nations must be given adequate financial resources, it must also demonstrate budgetary discipline and the Secretary-General and Member States must work together to prioritize the allocation of resources, rationalize working methods, discontinue obsolete outputs, and create economies to finance priority activities.

62. The overall approach to the budget was set out clearly, and the key underlying concepts were presented in a readable and succinct manner. The European Union had wholeheartedly endorsed the Secretary-General's proposals in 2002 for the further strengthening of the Organization, but if the General Assembly was to conduct constructive negotiations, it must have a coherent budget which showed the correlation between the resource requirements and the Organization's medium and short-term strategic objectives. Some aspects of the proposed programme budget lacked transparency, and the distinction between recurrent and one-off expenditures was not sufficiently clear.

63. Commendable efforts had been made to apply the results-based budgeting method, which many European countries already employed; those efforts should be pursued, and it was important that programme managers play the driving role in that process.

64. The European Union fully endorsed the priorities set out in the proposed programme budget. Apart from the aforementioned reform of the United Nations, the main focus for its examination of the budget would be the extent to which the latter complied with the provisions of the Millennium Declaration, especially those relating to international peace and security (including the special political missions), human rights, gender policy and empowerment of women, refugee protection, economic and development cooperation (especially in Africa), environmental protection, and international law.

65. The Committee's review of the budget should be rigorous, yet it should avoid duplicating the detailed analysis already carried out by the Advisory Committee; indeed, it might use many of the Committee's recommendations as a basis for its work.

66. Without losing sight of the priorities, the Committee should also address cross-cutting issues. The European Union was aware that information and communication technology was central to improving the flow of work within the Organization and to generating economies in areas such as staffing or travel costs. Training was another key aspect of management.

67. The initiatives aimed at rationalizing the public information sector were welcome. The closure of nine United Nations information centres in Europe was an example that should be emulated without delay by other regions, and the resulting savings should be used to strengthen multilingualism on the United Nations web site and to evaluate services. The European Union would require that the next step in that rationalization process be explicitly mentioned in the budget resolution.

68. With regard to conference services, the European Union welcomed the steps already taken and would urge the Secretariat to pursue its efforts to streamline documentation, improve the system of committee secretaries and increase the use of information technology. It agreed that the Repertory of Practice should no longer be financed through the regular budget and noted the continuing requirement to finance through the regular budget the cost of the Conferences of Parties to the United Nations Convention to Combat Desertification and to the United Nations Framework Convention on Climate Change.

69. It was inconceivable that the Organization still did not know the total costs of publications. A coherent policy should be developed to reduce the number of publications and improve their quality. Furthermore, multilingualism should be strengthened across all United Nations activities.

70. Staff costs were the largest item, accounting for 80 per cent of the regular budget. Over 9,000 posts were financed out of the regular budget and another 7,000 posts were financed through extrabudgetary funds. The European Union, while looking closely at the recommendations of the Advisory Committee in that regard, was willing to consider the creation of new posts that were indispensable to the Organization's efforts to implement priority activities. However, four major principles should be respected: consideration should be given to the scope for redeployment of

existing posts, which at present was not being sufficiently exploited by programme managers; the Secretary-General should be given more latitude to manage the staffing table; retirements for 2004-2005 should provide an opportunity to review the structure and level of posts; and, lastly, reclassifications should be cost-neutral.

71. The European Union was not at all convinced that recosting should be deferred until after submission of the first performance report. In future, the Board of Auditors should examine the whole recosting exercise and report back to the Committee.

72. In order to strengthen the strategic aspects of budgeting, the European Union would support the Secretary-General's efforts to identify a set of clearly defined benchmarks, so that results-based budgeting could develop into a true management tool for all United Nations programme activities. Staff should be given training in the following areas: project formulation and management, cost-accounting of outputs, review of the Regional Economic Commissions, monitoring and evaluation of programme results and progressive change of the budget structure with a view to increasing prioritization and focus on substantive activities.

73. **Mr. Bennouna** (Morocco), speaking on behalf of the Group of 77 and China, commended the Secretary-General on the efforts made to implement a results-based approach but pointed out that results-based budgeting was not an end in itself but a management tool whose purpose was to ensure the implementation of all mandated activities and that it should be implemented in a gradual and incremental manner, bearing in mind the intergovernmental, multilateral and international character of the United Nations. The formulation and application of the logical framework of results-based budgeting, in particular indicators of achievement, should also take into account the unique character of the United Nations. Results-based budgeting was a new tool and could be further improved as the Advisory Committee had pointed out. In particular, all programme managers should spare no effort in addressing the identified shortcomings.

74. The proposed programme budget had been significantly shortened and was presented in a more strategic format. The General Assembly had agreed that the document should be shorter, on the understanding that resource requirements should continue to be fully justified and should better reflect the priorities set out in the medium-term plan, the Millennium Declaration and the outcomes of major international conferences. It was imperative to ensure that Member States were able to find adequate information justifying resource requirements in the main part of the budget document, including the impact thereof on the implementation of programmes.

75. Referring to the introduction, he reaffirmed that Member States should provide adequate resources to the Secretary-General, in accordance with Article 17 of the Charter, to enable full implementation of mandated programmes and activities, and the provision of the essential services needed for the proper functioning of intergovernmental machinery. The Group of 77 and China noted that the Secretary-General's proposal largely reflected a significant reallocation of resources between several programmes. Resource allocation should reflect the priorities established in the medium-term plan and should be adequate for the attainment of the economic and social objectives approved by the international community in the Millennium Declaration and in the outcomes of major conferences. The Group of 77 and China welcomed the assurances given by the Secretary-General in that connection concerning compliance with the provisions of resolution 57/300.

76. The Group of 77 and China attached great importance to the meetings and conferences that were to be held during the next biennium, in particular the International Meeting to review the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States, the special session of the General Assembly on population and development, the eleventh session of the United Nations Conference on Trade and Development and the review of the Yokohama Strategy for a Safer World.

77. It was also crucial that the Secretary-General should continue to ensure that the resources put at the disposal of the Organization were utilized for the purposes for which they had been approved, and in a cost-effective, transparent and accountable way.

78. The Group of 77 and China reaffirmed that the budgetary process, as approved by the General Assembly in its resolutions 41/213 and 42/211, and confirmed in subsequent resolutions, should be fully adhered to. They wished to emphasize that the Fifth Committee, as the appropriate Main Committee of the General Assembly, was responsible for considering all

administrative, financial and budgetary questions, in accordance with rule 153 of the Assembly's rules of procedure.

79. The Group of 77 and China welcomed the initial steps taken to support the development of Africa, in particular the implementation of the New Partnership for Africa's Development (NEPAD) and the creation of the Office of the Special Adviser on Africa (OSAA) and hoped that the latter would be provided with the resources it needed to fulfil its mandate.

80. In paragraph 14 of the introduction, the Secretary-General had noted that savings resulting from the implementation of efficiency measures had been redirected. Given that the level of resources allocated to the development account had not changed since its approval, the Group of 77 and China pointed out that in accordance with General Assembly resolution 52/12 B, part of the efficiency savings should be redirected to the Development Account.

81. The tendency to use extrabudgetary resources to fund priority areas — in particular humanitarian activities — was a matter of concern because of the unpredictability of such resources which, moreover, were often tied to the implementation of donor-driven programmes. While not discouraging the provision of voluntary contributions, he said that there should not be too heavy a reliance on extrabudgetary resources to finance mandated programmes and activities.

82. Another measure of concern was the perennial high vacancy rate at certain duty stations, particularly in the Professional category, which had adverse effects on the delivery of mandated programmes and activities. The use of consultants and independent contractors should be restricted to cases in which in-house expertise was not available and the outsourcing of consultancy services should reflect the international character of the Organization.

83. Statements of programme budgetary implications resulting from decisions taken by the other Main Committees should be submitted well in advance in accordance with paragraph 13 of General Assembly decision 34/401.

84. In conclusion, he said that the level of the contingency fund should be maintained at 0.75 per cent over and above the level of the budget approved for the biennium.

85. **Mr. Laurin** (Canada), speaking also on behalf of Australia and New Zealand, said that the United Nations and its Charter were the essential foundations of a more peaceful, prosperous and just world. Since the Millennium Assembly, the Organization had been called upon to face significant challenges while continuing to assume its responsibilities in the areas of development, human rights and broad social progress. As tragically illustrated by the attacks on its Baghdad headquarters, the United Nations must pursue its mission while paying greater — and more costly — attention to the safety of its staff.

86. He welcomed the Secretary-General's decision to establish a high-level panel to consider ways to strengthen the capacity of United Nations institutions to address threats to peace and security. Australia, Canada and New Zealand welcomed the approach chosen by the Secretary-General for pursuing the reforms introduced in 1997, and the proposals set out in his report entitled "Strengthening of the United Nations: an agenda for further change" (A/57/387). With respect to the budget process, their goal was to enable the United Nations to respond in a flexible way to changing demands while discharging its everyday responsibilities. They were determined to address budgetary issues in a rigorous fashion, in the belief that budget stringency stimulated reform and improved quality.

87. He welcomed the principles underlying the proposed budget programme: need to focus on priorities; reallocation as the source of funding for new needs; desire to discontinue activities of marginal utility in order to free up resources to achieve the objectives set out in the Millennium Declaration; ensuring a larger share for human rights-related and humanitarian activities; and adoption of provisions to support African development. The results-based approach had brought rapid progress. As the Advisory Committee had suggested, the next step should be to define more specific and measurable accomplishments and indicators of achievement, notably with a view to supporting departments in their efforts to manage for results. The reference to the gender dimension in the results format was welcome, as it should increase understanding of the need to integrate gender analysis into programmatic work.

88. Nonetheless, Member States and the Secretariat must redouble their efforts to align resources with priorities and deploy them effectively. Three measures

were essential in that regard. Firstly, incremental budgeting should be discontinued and the budget base reviewed in an effort to ensure that programmes remained useful and effective, especially against the benchmarks of the Millennium Declaration and the outcomes of the major conferences. Secondly, outdated or ineffective activities should be dropped. The identified total of 912 was low, considering that the base was 36,000. Programme managers should discontinue activities of marginal utility, and Member States could set time limits for initiatives requiring resources. Thirdly, redeployment should be the first response to new demands. The impossibility of moving funds across budget sections reflected a structural rigidity that must be overcome. Creating new posts was not the right way to respond to new functions. The Advisory Committee had made useful suggestions in that regard, proposing to manage the staffing table as a whole — a solution that would add flexibility while retaining accountability.

89. Further measures were needed to improve management, efficiency and productivity and to modernize working methods. The Advisory Committee had pointed to the excessive number of General Service posts. The share of overhead in the overall budget was also extremely high. The effective use of the major investments made in information technology was another concern. In that regard, the Advisory Committee had stressed the need for senior and strategic information technology leadership. In the area of administrative processes, authority should be decentralized in order to make the transition to a culture combining enablement and accountability.

90. The budget continued to grow. Expenditures for the present biennium continued to rise and the level proposed for 2004-2005 might well be substantially increased by recosting and new programmatic demands. New tasks must, of course, be funded, but their costs should not necessarily be added to a budget base that had received little scrutiny. It should also be recalled that the proposed budget base included considerable sums earmarked in the present biennium for specific non-recurrent items. Australia, Canada and New Zealand would seek material reductions, beyond the sums recommended by the Advisory Committee. However, they would also be guided by the concern to improve the functioning of the Organization and to support the implementation of the measures considered by the General Assembly at its fifty-seventh session.

91. **Mr. Dube** (Botswana), speaking on behalf of the African Group, said that the Group wished to associate itself fully with the statement made by the Group of 77 and China. He welcomed the assurances of the Secretary-General that the proposed programme budget fully reflected the Organization's priorities, as set out in the medium-term plan, the Millennium Declaration, and the outcomes of recent major conferences. Noting that the Secretary-General had submitted a shorter and more strategic programme budget, in accordance with General Assembly resolution 57/300, he cautioned that shortening the budget presentation too much might deprive Member States of the detailed information they needed to make informed decisions.

92. The Secretary-General should be provided with the resources he needed to implement the approved mandates, but resource requirements must be justified. Resources should be used for the purposes for which they were intended and in an accountable manner. Allocation of resources across budget sections must take due account of the priorities established by Member States. In that regard, the African Group wished to underline the particular importance it attached to the Organization's development and peacekeeping activities.

93. He recalled the problems encountered in the provision of certain services that were essential to Member States as a result of decisions taken by the General Assembly in its resolution 56/253. Savings should be identified, but not in a way that would impair the functioning of intergovernmental agencies. He hoped that the final resources approved would ensure full realization of many of the priorities set out in the proposed programme budget.

94. The proposed programme budget was the second to be submitted in the results-based budgeting format. Thus, it was perhaps a little premature to hope for concrete results. Over time, however, there should emerge trends indicating that the approach taken was the correct one. Programme managers must take the initiative to expedite the implementation of concepts and techniques used under that method. Care should be taken when referring to "external factors", lest it become a way to justify avoidable failures. Much remained to be done to improve the method, but the task should be facilitated by the investments made in information technology and staff training.

95. Programme managers were required to constantly review outputs under their sphere of competence, with a view to identifying those outputs that were obsolete or of marginal utility and that could be terminated, in accordance with PPBME regulation 5.6. They had proposed terminating 912. Regulation 5.6 was undoubtedly key to rationalizing the work of programme managers and could help to refocus resources towards priority areas. However, the review process leading to the termination of outputs must respect the criteria outlined in rule 105.6 and involve relevant intergovernmental bodies.

96. The African Group took note of the Secretary-General's proposals regarding expenditure, as well as the comments, conclusions and recommendations of the Advisory Committee. It attached great importance to the Organization's economic and social agenda and agreed with the Group of 77 that the budget to be adopted must provide adequate funding for issues relating to international and regional cooperation for development, human rights and humanitarian assistance, as well as peacekeeping, given its links to sustainable development. In that regard, it was necessary to enhance the Organization's capacity to follow up the implementation of outcomes of major conferences on social and economic issues. The Group appreciated that the General Assembly had approved the New Partnership for Africa's Development (NEPAD) and it supported the Secretary-General's resource requirements; in order for that new initiative to succeed, the resources of the Office of the Special Adviser on Africa must be kept under review.

97. High vacancy rates persisted at some duty stations, especially in Africa. The vacancy situation at the Economic Commission for Africa (ECA), especially in the professional category, still remained too high and that impeded the implementation of mandated programmes. ECA must facilitate the work of NEPAD at the regional level and efforts must be made to expeditiously recruit staff. Posts must not be deliberately left vacant in order to achieve savings. Noting that the electronic connectivity of ECA with its five subregional development centres had been improved, he said that further efforts needed to be made to connect ECA with other duty stations.

98. The Group welcomed the efforts made by the Secretary-General to gradually increase the regular budget component of the United Nations Office at Nairobi, in accordance with General Assembly resolution 57/292, and stressed the importance of ensuring equity among all United Nations duty stations. It looked forward to receiving the Secretary-General's proposals regarding the modernization of conference facilities at the United Nations Office at Nairobi once the Advisory Committee had completed its consideration thereof.

99. **Mr. Balarezo** (Peru), speaking on behalf of the Rio Group (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela), associated himself with the statement made by the Group of 77 and China and welcomed the improvements to the presentation of the proposed programme budget, noting that attention should be concentrated not only on inputs, but also on the results obtained, taking into account the priorities established by Member States. A results-based budget should make it possible to determine the impact of programmes on populations, communities, organizations and individuals in the countries and regions. Member States must perfect its implementation on the basis of experience and ensure that programme managers monitored progress so as to obtain the envisaged results.

100. Recalling paragraph 4 of General Assembly resolution 57/300, he said that the Rio Group was committed to obtaining a balanced budget which met the expectations of Member States for the next biennium. It welcomed the efforts made by the Secretary-General to modernize and increase the efficiency of the Organization. It was imperative to keep up with advances in such areas as information technology, staff training and accountability, delegation of authority and administrative simplification.

101. The Rio Group attached great importance to the following themes for the biennium 2004-2005: disarmament; the International Court of Justice; political matters, particularly electoral assistance and special political missions related to peace and security; judicial matters, particularly the functioning of the United Nations Commission on International Trade Law; economic and social matters, such as strengthening of the Permanent Forum on Indigenous Issues, drafting a general international convention to protect and defend the rights and dignity of disabled persons, supporting the follow-up to the results of the International Conference on Financing for

Development and follow-up to summits and major conferences and to the Millennium Declaration; human rights; the environment, particularly the funding of the Conference of the Parties to the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa and the United Nations Framework Convention on Climate Change; trade and development; humanitarian assistance; and public information. The programme budget exercise was a collective responsibility of all Member States and the Rio Group hoped for the approval of a budget that was in accordance with stipulated mandates.

102. **Mr. Shobokshi** (Saudi Arabia) said that Saudi Arabia was in favour of the proposed programme budget for the biennium 2004-2005, which was shorter than in the past, focused more on strategy and reflected the priorities set by the General Assembly and appearing in the revised medium-term plan. It valued the constant efforts of the Secretary-General to reform the Organization so that it could fulfil its new responsibilities and meet the goals contained in the Millennium Declaration.

103. His delegation welcomed the fact that the programme budget followed the principles of results-based budgeting and that it established objectives, expected accomplishments, indicators of achievement and performance measures. That would help programme managers to concentrate on results rather than simply on outputs and services.

104. It also supported the use of the Integrated Monitoring and Document Information System (IMDIS) and its catalogue of indicators, since programme managers must have access to relevant budget-related information and be able to record regular data by which to measure accomplishments against indicators of achievement during the year. Assessing the gaps between objectives and implementation was a way to improve administrative planning and to avoid repeating past mistakes. The Secretariat should provide Member States with timely and precise statistics to enable them to take the right decisions.

105. His delegation supported human resources development programmes aimed at improving management skills and technical capabilities, programmes to second Secretariat staff to other international organizations and transfers within the United Nations system. Training courses should be established to make career management easier. Programme managers should be trained in results-based budgeting techniques.

106. The Advisory Committee had noted that there was no effective mechanism to monitor, evaluate and measure the results and impact of the programmes and activities of the United Nations, nor was there the necessary financial link to programmes and activities. That shortcoming caused concern, and must be addressed.

107. In line with a proposal from the representative of Saudi Arabia at the resumed fifty-seventh session, the Advisory Committee was recommending that personal computers should be replaced every four years instead of every three years. His delegation agreed, and the resulting saving for the biennium 2004-2005 would be $2.3 million.

108. It welcomed the addition of a new section 11 on United Nations support for the New Partnership for Africa's Development (NEPAD). In connection with the field assets control system, the introduction of Galileo, which incorporated features of the previous system but included new management, statistical-analysis and reporting tools, was positive.

109. Human resources management could only be improved by clearly specifying the functions of programme managers and putting in place an efficient monitoring mechanism before delegating responsibilities. The Office for Human Resources Management must redouble its efforts to give priority to recruiting nationals of unrepresented or under-represented Member States, adhering to the principle of equitable geographical distribution, including in the case of developing countries. His delegation hoped that the number of Saudi staff would soon be in line with its quota.

110. The Organization should purchase more from developing countries, while still seeking value for money. Those countries, Saudi Arabia included, supplied high-quality goods.

111. **Mr. Negroponte** (United States of America) said that the United States of America was an advocate of continuous reform at the United Nations and that full implementation of resolution 57/300 was among its goals for the current session. However, implementation of the most recent reform measures must be coupled

with a leaner budget focused on agreed priorities and allowing less room for redundancy. The result would be a more flexible, responsive and strategic United Nations that better served the needs of its Member States.

112. In connection with reform, his delegation applauded the efforts made so far in carrying out the Secretary-General's initiatives and would actively pursue those areas requiring further development. It noted that the European Union and the Department of Public Information had established a consolidated information hub in Brussels. It hoped that delegations whose countries hosted information centres would approach that aspect of reform with the same spirit of cooperation.

113. With priorities pulling the Organization in many different directions, it must have sound and transparent management practices combined with a more flexible mechanism for redeploying resources. The Advisory Committee had wisely proposed that the Secretary-General should be empowered to manage the staffing table as a whole, thus allowing resources to be redeployed where they were needed.

114. There must also be reform of the current budgetary process, which was time- and resource-intensive, yet left many Member States and Secretariat staff feeling disappointed. The suggestions of the Secretary-General and the Joint Inspection Unit provided the Member States with expert guidance to take a decision on the matter. His delegation commended the Advisory Committee for its in-depth analyses and the new format of its report.

115. The United Nations budget had remained stable during much of the 1990s, in part because of technical factors such as favourable rates of exchange. The presence of a strong United States dollar had provided leeway to programme managers to accommodate new mandates within, or even below, the existing budget levels. Since then, the dollar had weakened, the United Nations had been forced to cope with new emergency priorities, such as counter-terrorism and enhanced security provisions, and selected budget increases for those high-priority activities must be accepted. His delegation had been pleased to note that there had been a change of attitude among Member States in support of better management practices, including results-based budgeting and priority-setting. The Committee must approve a proposed programme budget that reflected those new concepts. The Member States and the Secretariat must concentrate on what was best for all.

116. The United States of America would continue to make sure that programme managers identified obsolete or ineffective activities. If applied systematically, the current rules, especially regulation 5.6 of the PPBME Rules, would give the United Nations the financial flexibility it needed to fulfil priority mandates. While the proposed programme budget reflected an improvement, it fell short of the mark because of its over 40,000 outputs, only 912 had been proposed for termination. CPC had requested some programme managers to submit a new list of outputs to be terminated. The Fifth Committee, meanwhile, must do further work on the sections of the budget for the environment, human rights and public information, which had not been approved by CPC.

117. The Member States had a responsibility to analyse the budget, having listened to the programme managers, and to make their own proposals. His delegation offered a number of ideas aimed at better priority-setting: the excessive number of scheduled meetings (15,484 over two years) should be reduced by 5 per cent initially, saving $4.3 million; posts that had been vacant for more than two years should be eliminated, saving several million dollars; the United Nations information centre in Washington, D.C. should be closed, saving a further $1 million; duplicative administrative practices identified by United Nations auditors should be reduced, saving almost $4 million; and the United Nations Postal Administration (UNPA) should be eliminated, saving about $1.5 million.

118. Nearly $30 million in additional investment in information technology had been requested, bringing its total allocation to over $192 million in 2004-2005. While his delegation had generally supported such investment because of its benefits, investment had not reduced the level of support staff, which remained high, particularly in the regional economic commissions.

119. The Member States, particularly those which assumed a larger share of the budget, were fully engaged in promoting sound financial management. The budget should start at zero nominal growth. If results-based management, priority-setting and greater efficiency were fully applied, Member States could approve a stable budget that provided the resources for the priority activities of the United Nations.

The meeting rose at 12.35 p.m.